

By: Carona

S.B. No. 1125

A BILL TO BE ENTITLED

AN ACT

relating to first-party indemnity coverage purchased by insurance purchasing groups.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 2201.251, Insurance Code, is amended by adding Subsections (c), (d), and (e) to read as follows:

(c) Notwithstanding any other provision of this code, a purchasing group composed primarily of employees of a political subdivision, including a county, municipality, or school district, may purchase first-party indemnity coverage, in addition to the liability coverage described in Subsection (a)(3), on a group basis for other risks to which members may be exposed provided that the aggregate coverage limit per group member for the risk does not exceed three percent of the per member coverage limit for liability coverage.

(d) A purchasing group shall notify the commissioner of the group's intent to purchase coverage described by Subsection (c) not later than the 60th day before the date the policy that includes the coverage is initially issued. After notice and hearing the commissioner may issue any orders authorized by law with respect to such coverage.

(e) Subsection (d) does not apply to a purchasing group described by Subsection (c) that was providing to its members coverage described by Subsection (c) on January 1, 2013, and has

1 continued to provide that coverage without lapse.

2 SECTION 2. This Act takes effect September 1, 2013.